

REGULATION 15

CORPORATE LICENSEES

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Explanatory note:

Regulation 15 implements the provisions of NRS 463.482 through 463.615. In the drafting of such regulations an effort was made to avoid as much as possible the technique of merely repeating or paraphrasing such statutory provisions. In approaching an examination or determination of any matters coming within the purview of such statutory provisions, reference should always be made to such statutory provisions and such regulations as an integrated unit.

The number of each regulation section hereunder begins with a "15" prefix, followed by a decimal point. Immediately following the decimal point is a number which correlates exactly with a number immediately following the decimal point in the section of chapter 463 of NRS. For example, Regulation 15.510.1-1 is intended as a regulation which supplements and elaborates on NRS 463.510. The number "1" following the second decimal point of this regulation indicates that the regulation concerns itself with subsection 1 of NRS 463.510. Several regulations under subsection 1 of NRS 463.510 are then distinguished by consecutive number preceded by a hyphen. Thus, new Regulation 15.510.1-1 is the first regulation under subsection 1 of NRS 463.510. Regulation 15.510.1-2 is the second regulation under that subsection, and so on. As further examples, Regulation 15.585.1b1-1 relates to subsection 1(b)(1) of NRS 463.585; and

Regulation 15.585.7–1(a) is the first regulation under subsection 7 of NRS 463.585. All definitions contained in the regulations re referenced to NRS 463.482 inasmuch as that section deals with “Definitions.” Any regulation which does not quite fit under any exact provision of NRS 463.482 through 463.615 has been related to the general regulatory enabling provision in NRS 463.1594. Thus, Regulation 15.1594–1 is the first regulation under this general enabling provision without any more specific reference to NRS 463.582 through NRS 463.641, although it is a regulation adopted “to implement the provisions of NRS 463.482 to 463.641, inclusive,” within the meaning of NRS 463.1594.

(Regulation 16 applies to registered publicly traded corporations which are not required to comply with Regulation 15.)

(Effective: 9/73.)

15.1594–1 Powers of commission and board. The board shall have full and absolute power and authority, to the extent permitted by law, to recommend the granting, denial, limitation, conditioning, restriction, revocation, or suspension of any license, registration, approval, or finding of suitability required or permitted under Regulation 15, or any application therefor, or to recommend other disciplinary action, for any cause deemed reasonable by the board. The commission shall have full and absolute power and authority, to the extent permitted by law, to grant, deny, limit, condition, restrict, revoke or suspend any license, registration, approval, or finding of suitability required or permitted under Regulation 15, or any application therefor, or to take other disciplinary action for any cause deemed reasonable by the commission.

(Effective: 9/73.)

15.1594–2 Certain investigations. The commission or the board may, in their discretion, make such investigations concerning an applicant under Regulation 15, or a licensee, or a registered company, or any person involved with a licensee or a registered company as they may deem appropriate, either at the time of initial licensing or registration or at any time thereafter.

(Effective: 9/73.)

15.1594–3 Certain investigative fees. In addition to all other fees payable under the Act and regulations, the board may require payment of the costs of any investigation conducted subsequent to licensing or registration to the extent of any reasonable fees charged by expert consultants employed by the board and actual expenses incurred by the staff for investigations conducted outside the State of Nevada.

(Effective: 9/73.)

15.1594–4 Burden of proof. The burden of proof with respect to the granting of any license, approval, registration, or finding of suitability required or permitted by Regulation 15 shall at all times be upon the person applying for or holding such license, approval, registration, or finding of suitability. Each applicant shall satisfy the commission that the granting of an application for action required or permitted by Regulation 15 is consistent with the state policies concerning gaming set forth in NRS 463.130 and 463.489.

(Effective: 9/73.)

15.1594–5 Certain affiliates of corporate licensees.

(a) A corporate licensee shall not engage in any act or transaction by virtue of which any other corporation or other form of business organization becomes, and shall not in any manner suffer any other corporation or other form of business organization to be or to become a controlled affiliate of such corporate licensee without the prior approval of the commission.

(b) Neither a corporate licensee nor any person directly or indirectly controlling such corporate licensee shall engage in any act or transaction by virtue of which any other corporation or other form of business organization becomes, or is suffered to be or to become, under common control with such corporate licensee without the prior approval of the commission if such other corporation or other form of business organization is engaged in business transactions directly relating to the activities of the corporate licensee, for which activities a gaming license is required.

(c) Any controlled affiliate or other corporation or other form of organization with respect to which the prior approval of the commission is required by Regs. 15.1594–5(a) or (b) shall be subject to, and comply with, NRS 463.510, 463.540, 463.560 and the regulations thereunder.

(d) The provisions of Regs. 15.1594–5 shall not apply to any corporation which is wholly owned by a licensee, or by persons who have been licensed or found suitable with respect to ownership of the corporate licensee, or by any combination thereof.

(Effective: 9/73.)

15.1594–6 Prohibition with respect to ownership of corporate licensees. No person shall acquire any equity security issued by a corporate licensee or a holding company, nor become a controlling affiliate of a corporate licensee or a holding company, nor become a holding company

of a corporate licensee or a holding company without first obtaining the prior approval of the commission in accordance with Regulations 4 and 8.

(Effective: 9/73.)

15.1594–7 Prohibitions with respect to the distribution or transfer of securities. It shall be grounds for disciplinary action under the Act and regulations if any person shall, in connection with the purchase or sale of any security issued by a corporate licensee or a holding company:

(a) Employ any device, scheme or artifice to defraud; or

(b) Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

(c) Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

where such device, scheme, artifice, statement, act, practice or course of business relates to gaming or the revenues from gaming or gaming operations.

(Effective: 9/73.)

15.1594–8 Effective dates. Regs. 15.510.1–4 and 15.585.7–3 shall be effective only with respect to restrictions imposed and agreements not to encumber entered into on or after August 1, 1975.

(Effective: 8/75.)

15.430 Institutional investor.

1. An institutional investor that intends to become subject to NRS 463.530 and Regulation 15.530-1, or NRS 463.585, as a result of its ownership of an equity security issued by a corporate licensee or a holding company, or any security issued by a corporate licensee or a holding company which gives the holder voting rights in the corporation, may apply to the board and commission for a waiver of the requirements of NRS 463.530, 463.585, 463.595 and Regulations 15.530-1, 15.585.7-4 and 15.585.7-5 with respect to the ownership of the voting or equity securities if such institutional investor intends to and does hold the securities for investment purposes only. An institutional investor shall not be eligible to receive or hold a waiver if the institutional investor will own, directly or indirectly, more than 15 percent of the voting or equity securities of the corporate licensee or a holding company on a fully diluted basis where any such securities are to be acquired other than through a debt restructuring. Securities acquired before a debt restructuring and retained after a debt restructuring or as a result of an exchange, exercise or conversion, after a debt restructuring, of any securities issued to an institutional investor through a debt restructuring, shall be deemed to have been acquired through a debt restructuring. A waiver granted under this section shall be effective only as long as the institutional investor's direct or indirect ownership interest in such voting or equity securities meets the limitations set forth above.

2. An institutional investor shall not be deemed to hold an equity security issued by a corporate licensee or a holding company, or any security issued by a corporate licensee or a holding company which give the holder voting rights in the corporation, for investment purposes only unless the voting or equity securities will be acquired and held in the ordinary course of business as an institutional investor and do not, directly or indirectly, allow the institutional investor to vote for the election of members of the board of directors, cause any change in the corporate charter, bylaws, other organic document, management, policies or operations of the corporate licensee or the holding company, or cause any other action which the commission finds to be inconsistent with investment purposes only. The following activities shall not be deemed to be inconsistent with holding voting or equity securities for investment purposes only:

(a) Serving as a member of any committee of creditors or security holders in connection with debt restructuring;

(b) Nominating any candidate for election or appointment to a board of directors or the equivalent in connection with a debt restructuring;

(c) Making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in management, policies or operations; and

(d) Such other activities as the commission may determine to be consistent with such investment intent.

3. An application for a waiver must include:

(a) A description of the institutional investor's business and a statement as to why the institutional investor is within the definition of "institutional investor" set forth in section 11 of this regulation.

(b) A certification made under oath and the penalty of perjury, that:

(1) The voting or equity securities will be acquired and held for investment purposes only as defined in subsection 2 and a statement by the signatory explaining the basis of his authority to sign the certification and to bind the institutional investor to its terms.

(2) The applicant agrees to be bound by and comply with the Nevada Gaming Control Act and the regulations adopted thereunder, to be subject to the jurisdiction of the courts of Nevada, and to consent to Nevada as the choice of forum in the event any dispute, question, or controversy arises regarding the application or any waiver granted under this section.

(3) The applicant agrees that it shall not grant an option to purchase, or sell, assign, transfer, pledge or make any other disposition of any voting or equity security issued by the corporate licensee or the holding company without the prior approval of the commission.

(c) A description of all actions, if any, taken or expected to be taken by the institutional investor relating to the activities described in subsection 2.

(d) The name, address, telephone number and social security number of the officers and directors, or their equivalent, of the institutional investor as well as those persons that have direct control over the institutional investor's holdings of voting and equity securities of the corporate licensee or the holding company.

(e) The name, address, telephone number and social security or federal tax identification number of each person who has the power to direct or control the institutional investor's exercise of its rights as a holder of voting or equity securities of the corporate licensee or the holding company.

(f) The name of each person that beneficially owns more than 5 percent of the institutional investor's voting securities or other equivalent.

(g) A list of the institutional investor's affiliates.

(h) A list of all regulatory agencies with which the institutional investor or any affiliate that owns any voting or equity securities or any other interest in a company which is licensed or registered with the Nevada Gaming Commission files periodic reports, and the name, address, and telephone number of the person, if known, to contact at each agency regarding the institutional investor.

(i) A disclosure of all criminal or regulatory sanctions imposed during the preceding 10 years and of any administrative or court proceedings filed by any regulatory agency during the preceding 5 years against the institutional investor, its affiliates, and current officer or director, or any former officer or director whose tenure ended within the preceding 12 months. As to a former officer or director, such information need be provided only to the extent that it relates to actions arising out of or during such person's tenure with the institutional investor or its affiliates,

(j) Any additional information the board or the commission may request.

4. The board and commission shall consider all relevant information in determining whether to grant a waiver requested pursuant to subsection 1, including but not limited to:

(a) Whether the waiver is consistent with the policy set forth in NRS 463.0129, 463.489, and Regulation 15.489.2-1; and

(b) Any views expressed to the board and commission by the corporate licensee or any affiliate thereof.

5. Any waiver granted pursuant to this section may be limited or conditioned in any respect by the board or commission, including, but not limited to, requiring a certification, made under oath and the penalty of perjury, which contains the following:

(a) A statement attesting that the institutional investor holds and/or has held the voting or equity securities of the corporate licensee or the holding company for (1) investment purposes only, and (2) in the ordinary course of business as an institutional investor and not for the purpose of (A) causing, directly or indirectly, the election of the members of the board of directors, or (B) effecting any change in the corporate charter, bylaws, other organic document, management, policies or operations of the corporate licensee or any of its affiliates.

(b) A statement that the institutional investor has not engaged in any activities inconsistent with the holding of voting or equity securities for investment purposes only in accordance with the provisions of section 2 hereof.

(c) The name, title and telephone number of the persons having direct control over the institutional investor's holdings of voting or equity securities in the corporate licensee or the holding company.

(d) A statement of all complaints, arrest, indictments or convictions of any officer or director of the institutional investor regarding the rules and regulations of the Securities and Exchange Commission and any regulatory agency of any State where it conducts business, or any offense which would constitute a gross misdemeanor or felony if committed in the State of Nevada. The name, position, charge, arresting agency, and a brief description of the event must also be included in the statement.

(e) A statement indicating any change to the structure and/or operation of the institutional investor which could affect its classification as an institutional investor as defined in Regulation 16.010(14).

6. An institutional investor that has been granted a waiver of licensing, registration or finding of suitability as required by NRS 463.530, 463.585, 463.595 and Regulations 15.530-1, 15.585.7-4 and 15.585.7-5 and that subsequently intends not to hold its voting or equity securities of the corporate licensee or the holding company for investment purposes only, or that intends to take any action inconsistent with its prior intent shall, within 2 business days after its decision, deliver

notice to the chairman in writing of the change in its investment intent. The chairman may then take such action under the provisions of NRS 463.530, 463.585 and Regulations 15.530-1, 15.585.7-4 and 15.585.7-5 or any other provision of the Gaming Control Act or regulations of the Nevada Gaming Commission as he deems appropriate.

7. A waiver that has been granted pursuant to this section and NRS 463.489(2) and Regulation 15.489.2-1, shall subject the institutional investor to the requirements of NRS 463.510(1), or Regulation 15.585.7-2, as applicable, in that any purported sale, assignment, transfer, pledge or other disposition of any voting or equity security issued by the corporate licensee or the holding company, or the granting of an option to purchase such a voting or equity security, shall be void unless approved in advance by the board and commission.

8. The institutional investor shall be entitled to whatever economic advantage, including, but not limited to, dividends, that may flow from ownership of the voting or equity securities as though it has been licensed, registered or found suitable.

9. If the chairman finds that as institutional investor has failed to comply with the provisions of this section, or should be subject to licensing, registration, finding of suitability or any approval to protect the public interest, the chairman may, in accordance with NRS 463.530, 463.585 and Regulations 15.530-1, 15.585.7-4 and 15.585.7-5 or any other provision of the Gaming Control Act or regulations of the Nevada Gaming Commission he deems appropriate, require the institutional investor to apply for licensing, registration or a finding of suitability. The institutional investor affected by the action taken by the chairman may request a hearing on the merits of such action. The hearing shall be included on the agenda of the next regularly scheduled commission meeting occurring more than 10 working days after the request for hearing. Upon good cause shown by the institutional investor, the commission chairman may waive the 10-day requirement and place such hearing on an earlier commission agenda. The commission, for any cause deemed reasonable, may by a majority vote, sustain, modify or reverse the decision of the chairman, or remand the matter to the chairman for such further investigation and reconsideration as the commission may order. While the application for licensure, registration or a finding of suitability or commission review of the chairman's action requiring the filing of such application is pending, the institutional investor shall not directly or indirectly, cause or attempt to cause any management, policy, or operating changes in the corporate licensee or holding company.

10. The corporate licensee or the holding company shall immediately notify the chairman of any information about, fact concerning or actions of, an institutional investor holding any of its voting or equity securities, that may materially affect the institutional investor's eligibility to hold a waiver under this section.

11. For purposes of this regulation "institutional investors" shall have the meaning set forth in Regulation 16.010(14), and "debt restructuring" shall have the meaning set forth in Regulation 16.010(8).

(Adopted and Effective: 7/00.)

15.482-1 Definitions; general. All terms defined in the Act shall have the same meaning in Regulation 15 as in the Act.

(Effective: 9/73.)

15.482-2 "Associate" defined. The term "associate" when used to indicate a relationship with any person, means: (1) any corporation or organization of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of any share of any class of equity securities; (2) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and (3) any relative or spouse of such person, or any relative of such spouse, who has the same home as such person or who is a director or officer of such corporation or any of its parents or subsidiaries.

(Effective: 9/73.)

15.482-3 "Affiliate" defined. An "affiliate" of, or a person "affiliated" with, a specified person is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(Effective: 9/73.)

15.482-4 "Control" defined. The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(Effective: 9/73.)

15.482-5 "Controlled affiliate" and "controlling affiliate" defined.

(a) A "controlled affiliate" of a specified person is another person which, directly or indirectly, is controlled by the person specified.

(b) A "controlling affiliate" of a specified person is another person which, directly or indirectly, controls the person specified.
(Effective: 9/73.)

15.482-6 "Own," "hold" and "have" defined. A person shall be deemed to own, hold or have a security of, or interest in, a corporation or other form of business organization if such person or any associate of such person has a record or beneficial interest therein.
(Effective: 9/73.)

15.482-7 "Sale" and "sell" defined. "Sale" or "sell" includes every contract of sale of, contract to sell, or disposition of, a security or interest in a security whether or not for value. "Sale" or "sell" includes any exchange of securities and any material change in the rights, preferences, privileges or restrictions of or on outstanding securities.
(Effective: 9/73.)

15.482-8 "Security" defined. The term "security" means any stock; membership in an incorporated association; bond; debenture or other evidence of indebtedness; investment contract; voting trust certificate; certificate of deposit for a security; or, in general, any interest or instrument commonly known as a "security"; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase, any of the foregoing. All of the foregoing are securities whether or not evidenced by a written document, provided that any evidence of indebtedness reported under Regs. 8.130 is not a security.
(Effective: 9/73.)

15.485-1 "Holding company" defined. Included, without limitation, within the meaning of the term "holding company" shall be any person, other than an individual, of which a corporation holding or applying for a state gaming license is a controlled affiliate.
(Effective: 9/73.)

15.488-1 "Subsidiary" defined. Included, without limitation, within the meaning of the term "subsidiary" shall be any person, other than an individual, which is a controlled affiliate of another person, other than an individual.
(Effective: 9/73.)

15.489.2-1 Waiver of requirements of regulations. The commission may waive one or more requirements of Regulation 15 if it makes a written finding that such waiver is consistent with the state policy set forth in NRS 463.0129 and NRS 463.489.1.
(Effective: 9/73. Amended: 1/89.)

15.490.1b-1 Policy against gaming licenses for non-Nevada corporations. It is the policy of the commission that, ordinarily, it will not grant a state gaming license to a corporation which is not incorporated in the State of Nevada.
(Effective: 9/73.)

15.500.1 (Repealed, March 1996.)

15.500.3-1 Public offerings by corporate licensees, holding companies and stockholders. No corporate licensee, no stockholder of a corporate licensee, no holding company, and no stockholder of a holding company shall make a public offering of securities of a corporate licensee or of a holding company except as is permitted by, and in accordance with, Regulation 16.
(Effective: 9/73.)

15.510.1-1 Beneficial ownership, granting of proxies and assignments of other interests.

(a) The terms "sale, assignment, transfer, pledge or other disposition" used in NRS 463.510.1 extend to dispositions of any type of ownership referred to in Regulation 15.482-6.

(b) Included within the meaning of the term "disposition" as used in NRS 463.510.1 and the regulations thereunder are, without limitation, the following:

(1) The granting of a proxy in respect of a security (other than a proxy granted to a person who is licensed or found suitable to own securities of the same corporation or securities of an affiliate of that corporation), in which case the person to whom the proxy is granted is to be regarded as the transferee.

(2) Any transfer or disposition, whether or not for value, of any interest in the profits or proceeds (including, without limitation, interest payments, dividends and other distributions by the issuer of a security) realized from the holding or disposition of a security.

(Effective: 9/73.)

15.510.1–2 Issuer dispositions subject to NRS 463.540.1. Application for approval of any sale, assignment, transfer, pledge or other disposition of a security to be made by the issuer thereof shall be made pursuant to NRS 463.540.1 and the regulations thereunder.

(Effective: 9/73.)

15.510.1–3 Procedures for obtaining approvals under NRS 463.510.1 for transfers of outstanding securities. The provisions of Regulation 8 shall govern all transfers for which approval is required by NRS 463.510.1.

(Effective: 9/73.)

15.510.1–4 Certain transactions prohibited—corporate licensee.

(a) Except as permitted by subsection (b), no restrictions on the transfer of an equity security issued by a corporate licensee, whether imposed by the issuer or by the holder or by any other person, shall be effective for any purpose whatsoever unless such restrictions are approved in advance by the commission or unless such restrictions are otherwise required by the Act or by the regulations. No agreement not to encumber any equity security issued by a corporate licensee shall be effective for any purpose whatsoever unless such agreement is approved in advance by the commission.

(b) The following restrictions on the transfer of a security are permitted without the necessity of prior approval pursuant to subsection (a):

(1) Any restriction on resale which is required for compliance with the Federal Securities Act, or the Federal Securities Exchange Act, or a general securities law of any state;

(2) Any restriction which results from a “stop-transfer order” given to a transfer agent by the holder of a security on the grounds that a certificate has been lost or stolen; and,

(3) Any restriction which arises from a binding contract to sell or hypothecate a security in a current transaction which will be consummated, if at all, in nine months or less.

(Effective: 8/75.)

15.510.2–1 Persons who may be determined to be unsuitable for purposes of NRS 463.510.2. Without in any manner limiting or restricting the scope of NRS 463.510.2, the following persons may be determined to be unsuitable within the meaning of that section:

(a) Any person who, having been notified by the corporation or by the board of the requirement that such person be licensed as contemplated by NRS 463.530, fails, refuses or neglects to apply for such licensing within 30 days after being requested to do so by the board.

(b) Any record holder of a security issued by a corporate licensee or a holding company who shall have failed, refused or neglected, upon request of the commission, to furnish to the commission within 30 days after such request, full, complete, and accurate information as to the beneficial ownership of such security.

(c) Any record owner of a security which is beneficially owned, in whole or in part, by a person determined to be unsuitable by the commission.

(Effective: 9/73.)

15.510.2–2 Escrow of securities. The commission may, from time to time and at any time, require that securities issued by a corporate licensee be placed in escrow on specified terms and conditions.

(Effective: 9/73.)

15.510.3–1 Proscribed corporate activities in respect of persons found “unsuitable” pursuant to NRS 463.510.2. Beginning upon the date when the commission serves notice of a determination of unsuitability pursuant to NRS 463.510.2 upon the corporation, it shall be grounds for disciplinary action for such corporation:

(a) To pay any person found to be unsuitable pursuant to NRS 463.510.2 any dividend or interest upon any security of the type described in NRS 463.510.1 held, as defined in Regulation 15.482–6, by such person;

(b) To recognize the exercise by any such unsuitable owner, directly or through any trustee or nominee, of any voting right conferred by such security;

(c) To pay to any such unsuitable owner any remuneration in any form for services rendered or otherwise; or

(d) To make any other payment or distribution, of any kind whatsoever, in respect of any such security, by way of or pursuant to payment of principal, redemption, conversion, exchange or liquidation or any other transaction.

(Effective: 9/73.)

15.510.4–1 Statement required by NRS 463.510.4. The statement required by NRS 463.510.4 shall be substantially as follows:

"The sale, assignment, transfer, pledge or other disposition of this security is ineffective unless approved in advance by the Nevada gaming commission. If at any time such commission finds that an owner of this security is unsuitable to continue to have an involvement in gaming in such state, such owner must dispose of such security as provided by the laws of the State of Nevada and the regulations of the Nevada gaming commission thereunder. Such laws and regulations restrict the right under certain circumstances: (a) to pay or receive any dividend or interest upon any such security; (b) to exercise, directly or through any trustee or nominee, any voting right conferred by such security; or (c) to receive any remuneration in any form from the corporation, for services rendered or otherwise."

(Effective: 9/73.)

15.530-1 Individual licensing of stockholders of corporate licensee.

1. Except as provided in subsection 2, each individual must be licensed before they may:

- (a) Own an equity security issued by a corporate licensee, or
- (b) Hold any security issued by a corporate licensee which gives the holder voting rights in the corporation.

2. An individual who has a beneficial interest in an employee trust formed as a part of a stock bonus plan meeting the requirements of section 401(a) of the Internal Revenue Code of 1954 as amended and holding legal title to any equity security issued by a corporate licensee need not be licensed individually as to such beneficial interest provided the plan or the trust formed thereunder requires that either:

(a) Any stock received by a transferee shall be transferred back to the trust within 24 hours; or

(b) The transferee shall apply immediately for licensing as a stockholder of the licensee. Until such time as the commission acts upon the application for transfer, the transferee shall not exercise any voting rights nor receive any dividends, and if the transferee is not approved by the commission, the stock shall be immediately transferred back to the trust and any cash or stock dividends accumulated thereon shall remain in the trust. If the transferee is approved by the commission, any accumulated dividends may be passed to the transferee.

(Effective: 9/73. Amended: 9/74; 9/87.)

15.530-2 Licensing of certain payees. Any person who receives payments computed on the basis of the earnings profits or receipts from gaming of a corporate licensee, other than as the owner of an equity security issued by the corporate licensee, may be required to be licensed or approved.

(Effective: 9/73.)

15.530-3 Corporate non-compliance with NRS 463.530 Whenever, as contemplated by NRS 463.530, it is the judgment of the commission that the public interest will be served by requiring any or all of the corporation's, lenders, holders of evidences of indebtedness, underwriters, key executives and agents, employees or other persons dealing with the corporation and having the power to exercise a significant influence over decisions made by the corporation to be licensed, the commission shall serve a notice of such determination upon the corporation, and if the person, persons or other entity or entities which are the subject of such determination shall not have, within 30 days following the service of such notice, applied for a license as contemplated by NRS 463.530, the corporation may be deemed to have failed to require such application as contemplated by NRS 463.530.

(Effective: 9/73.)

15.540-1 Licensing referred to in NRS 463.540. It is the interpretation of the commission that the licensing referred to in NRS 463.540 is gaming licensing of the corporation pursuant to NRS 463.160 et seq., and the regulations thereunder.

(Effective: 9/73.)

15.540.1-1 Beneficial ownership. The terms "issue or transfer" in NRS 463.540.1 extend to transactions involving any type of ownership referred to in Regulation 15.482-6.

(Effective: 9/73.)

15.540.1-2 Procedures for obtaining approvals under NRS 463.540.1 for issuance of securities. The report required by NRS 463.540.1 shall consist of an application signed by the president, or a vice president, and the secretary, or assistant secretary, of the applicant on an official form and, to the extent not inconsistent with the requirements of such form, setting forth the following information:

1. The name, address and telephone number of the applicant.

2. Whether or not the applicant is a licensee, holding company or intermediary company. If the applicant is not a licensee, but has applied for a license, the application shall set forth the date of such application and a statement of its current status.

3. If the applicant is the holder of or has pending an application for a state gaming license, the application shall set forth all of the information required to be set forth in a registration statement by such applicant pursuant to NRS 463.520. Such information may be incorporated by reference to the registration statement of the applicant; provided, however, that such information shall be as of a date not later than 30 days preceding the date of such application.

4. If the applicant is a holding company or intermediary company, the application shall set forth all of the information required to be set forth in a registration statement pursuant to NRS 463.585.1(b) or furnished to the commission pursuant to NRS 463.605. Such information may be incorporated by reference to the registration statement of, or information previously filed by such person; provided, however, that such information shall be as of a date not later than 30 days prior to the date of such application.

5. The identity and address of each proposed purchaser or transferee of the securities covered by such application.

The application will not be approved unless and until the proposed transferee complies with Regulation 8.

(Effective: 9/73.)

15.550.1 Licensing referred to in NRS 463.550.1. It is the interpretation of the commission that the licensing referred to in NRS 463.550.1 is gaming licensing of the corporation pursuant to NRS 463.160 et seq., and the regulations thereunder.

(Effective: 9/73.)

15.585.3–1 Persons who may be deemed unsuitable. The several nonexclusive criteria of unsuitability set forth in Regs. 15.510.2–1 are also nonexclusive criteria of unsuitability under NRS 463.585.3.

(Effective: 9/73.)

15.585.3–2 Escrow of securities. The commission shall have the same power with respect to securities issued by holding companies as it has under Regs. 15.510.2–2 with respect to securities issued by corporate licensees.

(Effective: 9/73.)

15.585.4–1 Proscribed corporate activities in respect of “unsuitable” persons. The commission may determine a holding company to be unsuitable, or take other disciplinary action, if after the commission serves notice pursuant to NRS 463.585.3 that a person is unsuitable to have a relationship to or involvement with such holding company, the holding company, or an intermediary company:

(a) Pays to any person found to be unsuitable pursuant to NRS 463.585.3 any dividend or interest upon any securities referred to in said section, or any payment or distribution of any kind whatsoever;

(b) Recognizes the exercise by any such unsuitable person, directly or indirectly, or through any proxy, trustee or nominee, of any voting right conferred by any securities or interest in any securities referred to in NRS 463.585.3;

(c) Pays to any such unsuitable person any remuneration in any form, for services rendered or otherwise, or permits the corporate gaming licensee to make any such payment; or

(d) Makes any other payment or distribution, of any kind whatsoever, in respect of any such security or interest by way of, or pursuant to payment of principal, redemption, conversion, exchange or liquidation or any other transaction.

(Effective: 9/73.)

15.585.5–1 Statement required by NRS 463.585.5. The statement required by NRS 463.585.5 shall be substantially the same as the statement required by Regs. 15.510.4–1.

(Effective: 9/73.)

15.585.6–1 Public offerings by holding companies. Cross-reference, Regs. 15.500.3–1.

(Effective: 9/73.)

15.585.7–1 Approval by commission required for all issues or transfers by a holding company or intermediary company of its securities. No holding company shall, and it shall be grounds for disciplinary action if a holding company shall, issue or transfer any security of which it is the issuer without the prior approval of the commission. As used herein, the terms “issue or transfer” extend to transactions involving any type of ownership referred to in Regulation 15.482–6. Every approval required by this regulation shall be sought by the filing of an application complying with NRS 463.540 and the regulations thereunder.

(Effective: 9/73.)

15.585.7–2 Commission approval required for dispositions of outstanding securities issued by holding companies or intermediary companies. No person other than the issuer shall sell, assign, transfer, pledge or make any other disposition of any security issued by any holding company without the prior approval of the commission. As used herein, the terms “sale, assignment, transfer, pledge or other disposition” extend to dispositions of any type of ownership referred to in Regulation 15.482–6. Included within the meaning of the term “disposition” as used in this regulation are the granting of a proxy or a transfer or disposition of a type described in Regs. 15.510.1–1(b)(1) and (2).

Every approval required by this regulation shall be sought by the filing of an application complying with the procedures set forth in NRS 463.510.
(Effective: 9/73.)

15.585.7–3 Certain transactions prohibited—holding company.

(a) Except as permitted by subsection (b), no restrictions on the transfer of an equity security issued by a holding company, whether imposed by the issuer or by the holder or by any other person, shall be effective for any purpose whatsoever unless such restrictions are approved in advance by the commission or unless such restrictions are otherwise required by the Act or by the regulations. No agreement not to encumber any equity security issued by a holding company shall be effective for any purpose whatsoever unless such agreement is approved in advance by the commission.

(b) The following restrictions on the transfer of a security are permitted without the necessity of prior approval pursuant to subsection (a):

(1) Any restriction on resale which is required for compliance with the Federal Securities Act, or the Federal Securities Exchange Act, or a general securities law of any state;

(2) Any restriction which results from a “stop-transfer order” given to a transfer agent by the holder of a security on the grounds that a certificate has been lost or stolen; and

(3) Any restriction which arises from a binding contract to sell or hypothecate a security in a current transaction which will be consummated, if at all, in nine months or less.

(Effective: 8/75.)

15.585.7–4 Individual stockholders of holding companies. Each individual stockholder of a holding company must be individually found suitable to be a stockholder or, in the discretion of the commission, be licensed.

(Effective: 9/73.)

15.585.7–5 Officers and directors of holding companies. Any person who has a relationship to a holding company of a type described in Regulations 16.410(b), (c), (d) or (e) with respect to publicly traded corporations may be required to be found suitable or to be licensed.

(Effective: 9/73.)

15.585.7–6 Certain payees. Any person who receives payments from a holding company computed on the basis of the earnings or profits of the holding company, or on the basis of the receipts from gaming of a subsidiary corporate licensee of such holding company, may be required to be found suitable or licensed or approved.

(Effective: 9/73.)

15.585.7–7 Reporting requirements for certain holding companies. Each holding company which is a firm, partnership, trust or other form of business organization not a natural person or a corporation, must furnish the board with analogous information required to be furnished by NRS 463.585(1)(a) and (b).

(Adopted: 10/90.)

15.624.1 Exclusion of publicly traded corporations. Regulation 15 shall not apply to the securities of, nor other interest in, any holding company which has been permitted to comply with NRS 463.635 to NRS 463.641 nor to its stockholders, directors, officers, agents, employees, underwriters, lenders, and other holders of evidence of indebtedness, as such.

(Effective: 9/73.)

End – Regulation 15